

Guidance for Reporting Organisations Seeking Assurance to AA1000AS (2008)

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Purpose of this guidance

This guidance is for reporting organisations preparing for assurance according to AA1000AS (2008). It provides guidance on common issues relating to assurance from a reporting organisation perspective.

When choosing assurance based on AA1000AS (2008), or any other assurance standard, it is useful to understand what assurance based on AA1000AS (2008) offers the reporting organisation, what the process involves and how to prepare for assurance. This guidance is not intended to be comprehensive but aims to highlight areas to consider before and during an assurance engagement to help maximise the value of the assurance process.

This guidance is non-binding and is one of three guidance documents that support the AA1000AS (2008). The other two are 'Guidance for AA1000AS (2008) Assurance Providers' and 'Guidance for users of AA1000AS (2008) Assurance Statements'.

The standards and supporting documents can be freely downloaded from www.accountability21.net/aa1000series

A. Guidance for Reporting Organisations Seeking Assurance to AA1000AS (2008)

A.1. Choosing AA1000AS (2008)

When deciding whether or not to choose AA1000AS (2008) assurance it is useful to understand what the process involves and the main benefits to a reporting organisation.

In applying AA1000AS (2008) an external assurance provider evaluates an organisation's adherence to the AA1000 AccountAbility Principles - AA1000APS (2008) - and the reliability and accuracy of specified sustainability performance information. The evaluation is based on publicly disclosed information (typically found in CSR or sustainability reports) and the systems, processes and information that underpin the organisation's disclosures. The results of this process are communicated publicly in an assurance statement.

The value of the AA1000AS (2008) to an organisation is two-fold.

- **External** - independent assurance adds credibility to an organisation's reporting. The uniqueness of AA1000AS (2008) is that it provides assurance against a set of principles as well as verification of performance information. This gives readers and users of published information an independent view of whether the organisation knows what sustainability issues are the most important, and whether it has put in place appropriate and adequate responses to these issues. Verification of data on its own does not carry the same meaning. It is more relevant to know that the information is actually important to the organisation's ability to create value. Conclusions and recommendations on adherence to the principles also allow for a much deeper understanding of the organisation's strategy and business model. This allows the reporting organisation to establish an enhanced basis for trust and confidence and improved decision making by its stakeholders and investors.

- **Internal** - although the external benefit is fundamental to the AA1000AS (2008), many organisations who use it suggest that the internal benefit can provide an equally compelling business case, especially for those organisations whose reporting systems are not yet fully matured. By questioning what issues are being addressed and why, AA1000AS assurance can provide greater value than verification style sustainability assurance that looks only at data quality. Organisations that obtain AA1000 assurance highlight the value of having independent sustainability experts review their process for; determining material sustainability issues, commenting on the adequacy of their stakeholder engagement and providing an evaluation of how sustainability fits into the wider strategic aims of the business. Many organisations highlight that the learning that comes from the process is valuable when trying to improve sustainability management and performance as well as reporting.

The standard provides a rigorous framework for assurance while at the same time providing enough flexibility to adapt to the context of individual organisations. It is not a tick box, certification standard based on yes/no answers to fixed criteria. It results in conclusions based on evidence that reflect the status of an organisation at a particular point in time and provides recommendations to encourage continuous improvement.

AA1000AS (2008) can be used on its own or in conjunction with other generally used assurance standards such as ISAE 3000.

A.2 Preparing for assurance - understanding the role and activities of the assurance provider

In preparing for an AA1000AS (2008) assurance engagement it is useful to understand what an assurance provider will be doing: what subject matter will be evaluated, what criteria will be used and what evidence it will be looking for. The assurance engagement agreement or contract will spell this out but it is essential to discuss this in detail with the assurance provider to avoid confusion of expectations and to ensure the process adds value.

This preparation will allow the organisation to ensure that the necessary evidence is in place and accessible, that internal stakeholders are aware that assurance will be taking place and that cooperation is required.

All assurance engagements based on AA1000AS (2008) must evaluate the nature and extent of adherence to the AA1000 AccountAbility Principles (2008). This is Type 1 assurance. In addition, Type 2 assurance means the assurance provider evaluates the reliability of specified sustainability performance information. This allows more of a verification style assurance for performance information. This evaluation of selected performance information (Type 2) cannot be done without the evaluation of adherence of the AA1000 AccountAbility Principles (Type 1) if the engagement is to be deemed in accordance with AA1000AS (2008). It is up to the reporting organisation to agree with the assurance provider the type of assurance they wish to carry out.

The assurance provider will evaluate adherence to criteria in the AA1000APS (2008) and from additional guidance published by AccountAbility. In preparing for assurance it is important to understand the principles, the evaluation criteria and the evidence an organisation will be asked to provide. In general there is a clear difference between the evidence that an assurance provider will look for when evaluating adherence for Type 1 and when evaluating the reliability and accuracy for Type 2 assurance.

The AA1000 Stakeholder Engagement standard can be helpful in understanding how to adhere to the principle of inclusivity. AccountAbility's research publications *Redefining Materiality* and *The Materiality Report*, can be helpful in understanding how to adhere to the principle of materiality. Additional guidance is also being developed for the principle of responsiveness.

When evaluating adherence for Type 1 an assurance provider will first look for evidence that systems and processes are in place that demonstrate adherence to each principle. In addition to this an assurance provider will be looking for evidence that systems are being implemented in a way that results in quality outputs and outcomes and that they are effectively embedded in the core systems and activities of the organisation.

When evaluating reliability for Type 2 an assurance provider will start by looking at the “criteria” (see below) which the organisation has used as the basis for reporting its sustainability performance and then at the data and information disclosed in relation to those criteria. The assurance provider will want to examine the systems and processes that are in place to collect, aggregate and internally review/validate the information as well as what is included or excluded (specific topics or parts of the organisation) and why.

Reporting criteria

The assurance provider will need to establish which criteria the reporting organisation has used and which will form the basis for the assurance process. .

The criteria for evaluating the nature and extent of adherence to the AccountAbility Principles are found in the AA1000APS (2008). These are the criteria that must be assessed by the assurance provider.

The assurance provider will want to know which criteria the reporting organisation has used to compile the sustainability performance information subject to assurance. An organisation may choose to make use of generally-accepted, publicly developed criteria (which are preferred) and/or proprietary or internally developed criteria (internal reporting guidelines). The former are preferable as comparability between company sustainability performance is difficult to achieve when there are variations in how the information is compiled and presented. In practice a mixture is quite common. The criteria need to be publicly available even if specifically developed (internal guidelines). If the criteria are not publicly developed this is a limitation and will be mentioned in the assurance statement.



Organisations may find suitable criteria in reporting guidelines such as GRI G3, in systems standards such as ISO 14001, BS8900 or SA8000, in issue specific standards such as the various sustainable forest management standards, the fair trade labelling guidelines, labour standards, human rights declarations or anti-corruption principles. It is important to be as explicit as possible about the criteria.

Sustainability reports often include opinion/perception data. This may raise issues of validity rather than simply accuracy of data. The assurance provider may need to look at survey methodologies to see whether they are valid and that the results are stated within accepted levels of probability and meet agreed standards for survey validity.

The criteria should be agreed with the assurance provider before the engagement begins.

A.3 The role of explicit management assertions

The assurance provider will always use publicly disclosed information as the starting point for the assurance engagement.

The assurance provider does not need to evaluate adherence to the principles based on an explicit assertion, for example: 'our organisation adheres to the principle of materiality'. The assurance provider may evaluate adherence as it is embodied in the reporting organisations public disclosures through direct investigation. That is, they will look at what an organisation says are its material issues are and then investigate how this determination was made. However, assurance based on explicit management assertions can be in accordance with AA1000AS (2008).

Evaluations of specified sustainability performance information will be based of explicit assertions. If, for example an organisation discloses the number of tonnes of CO₂ emissions, they will evaluate the reliability of that assertion. They will look at a wide range of evidence to assess the reliability of this assertion.

A.4 During the assurance engagement

During the assurance engagement the reporting organisation will interact frequently with the assurance provider. Understanding the roles of the reporting organisation and the assurance provider, will make the assurance process more productive for both and ultimately lead to a better outcome.

It is important for the reporting organisation to be open and to facilitate access to people, sites and documentary evidence. But it is also important to continually question and seek to better understand what the assurance provider is doing and why.

The assurance process is iterative. It requires assurance providers to gather evidence in order to generate conclusions and recommendations. Preliminary findings may lead the assurance provider to challenge the reporting organisation on certain points. The assurance provider's role is to question the reporting organisation on issues where they feel that what is being disclosed does not match the evidence they have collected. Understanding this dynamic is crucial to developing a good assurance process.

These challenges may result in an assurance provider asking for revisions to be made to the report to avoid unnecessary negative conclusions in the public statement. It is through this iterative process that assurance can lead to a better quality, more reliable report as well as a more meaningful assurance statement.

When this iterative process takes place over the course of the reporting period rather than at the end of the reporting period it gives the assurance provider a better opportunity to understand and observe the systems and processes. It makes the assurance process more valuable to the reporting organisation and readers of the assurance statement. An 'end of pipe' approach rarely produces the same depth of understanding and therefore the conclusions are often less meaningful.

A.5 Responding to the assurance statement

An assurance provider will publicly state its conclusions and recommendations in an assurance statement. As this statement is independent and externally provided, a reporting organisation may not agree with everything that is said in it. While a reporting organisation is unable to alter the content of the assurance statement it is at liberty to provide an assurance statement response.

The response allows a reporting organisation to provide its point of view in relation to parts of the assurance statement it may wish to take issue with or elaborate on. It also enables the reporting organisation to outline planned improvements in response to conclusions and recommendations in the assurance statement. It will usually be a short response, approximately one page and should follow the assurance statement in any report, so that readers can easily follow it and see the links.

A.6 How to select an assurance provider

When selecting an assurance provider there are a number of considerations to take into account. Setting objectives in relation to the assurance provider's competencies and approach is likely to result in increased value for an organisation and its stakeholders. The list below provides a brief introduction to some of the things to consider when selecting a provider.

Administrative Considerations

- Will the assurance provider deliver proactive and timely updates?
- Does the proposed account manager have experience of managing similar accounts?
- Does the provider have the necessary quality control procedures in place?
- Will the approach to assurance delivery achieve the required levels of service?

Organisational Profile

- Does the provider have sufficient relevant experience in similar organisations?
- Does the provider have the necessary independence and can it demonstrate mechanisms to ensure this independence is maintained?
- How many similar assurance engagements has the organisation conducted recently?
- Is the organisation financially fit?
- Does the organisation have the brand and reputation in the marketplace?
- Does the organisation have quality control systems in place to ensure the quality of assurance provision is sufficient?
- Does the provider have the geographic scale to undertake the work cost effectively?

Technical Proposal

- Can the provider demonstrate a clear and detailed understanding of relevant industry/sector issues?
- Can the provider demonstrate a clear understanding of the AA1000 AccountAbility Principles (2008) and of the core activities required for an AA1000AS (2008) assurance engagement?
- Can the provider demonstrate a clear and detailed understanding of the scope?

- Can the provider outline a clear and detailed work plan?
- Can the provider give a clear and detailed presentation of the proposed deliverables?
- Can the provider give a clear and detailed demonstration of competencies and capacities to deliver? Do all team members have the right qualifications and experience? Do they have CSAP certificates or other relevant professional qualifications? Are they an AccountAbility Assurance Provider Member?
- Can they provide a clear and detailed presentation of the organisation and structure for delivery of assurance?

Cost Proposal

- Does the proposal include all costs and prices?
- Are all assumptions and cost components declared?
- Is the supplier willing to underwrite all and any start up costs?
- Does it provide value for money?

By weighting and evaluating considerations such as those above a reporting organisation is able to evaluate which assurance provider is best positioned to deliver the type and style of assurance it requires.

B. Informative Annexes

B.1 The AA1000 Series

The AA1000 Series is comprised of

AA1000APS (2008) AccountAbility Principles Standard

AA1000AS (2008) Assurance Standard

AA1000SES (2005) Stakeholder Engagement Standard

The series is supported by Guidance Notes and User Notes. The Guidance Notes, for example, *Guidance for the Use of AA1000AS (2008)*, provide information on how to apply the standards. The User Notes provide examples of the use of the standards.

To download the standards and for more information, please visit:

www.accountability21.net/aa1000series

B.2 The AA1000 Series in Translation

The AA1000AS (2003) has been translated into a number of languages. Translating the standard into multiple languages enables wider international use of the standard, a greater depth of understanding at the local level and increased consistency in the quality of assurance engagements worldwide.

It is our intention to translate AA1000APS (2008), AA1000AS (2008) and the Guidance on the Use of the AA1000AS (2008) into a number of languages. AccountAbility is always looking for partners to work with to translate the standard into new languages. If partnering on this is of interest, please contact the Head of Standards at AccountAbility.

B.3 Keeping Standards up-to-date

Standards are living documents that reflect progress in principles, practice, methods and science. To maintain their currency, all standards are periodically reviewed (at a minimum every five years) and where warranted new editions are published. Between editions, amendments may be issued. Standards may also be withdrawn. It is important that readers assure themselves they are using the current standard, which should include any amendments which may have been published since the standard first appeared.

Detailed information on The AA1000 Series of standards can be found on the AccountAbility web site: www.accountability21.net/aa1000series

We welcome suggestions for improvement of our standards and encourage readers to notify us immediately of any apparent inaccuracies or ambiguities. Please address any comments to the Head of Standards at AccountAbility.

B.4 References

- AA1000AS (2008)

Stakeholder Engagement

- The Stakeholder Engagement Standard, AA1000SES
- Stakeholder Engagement Manual, Volume 2
www.accountability21.net/publications.aspx?id=904
- Critical Friends - Stakeholder Panels Report
www.stakeholderpanels.net
www.accountability21.net/publications.aspx?id=1088

Reporting

- GRI G3 Guidelines
www.globalreporting.org/ReportingFramework/G3Guidelines/
- Accounting for Good: the Global Stakeholder Report 2005 (The Second World-wide Survey on Stakeholder Attitudes to CSR Reporting) Pleon Kohtes Klewes GmbH / Pleon b.v., 2005 -
- ACCA (2004) The Future of Sustainability Assurance
www.accaglobal.com/publicinterest/activities/research/reports/sustainable_and_transparent/rr-086
- Canadian Reporting guidance www.sustainabilityreporting.ca
- Context (2006) Reporting in Context 2006: Global Corporate Responsibility Reporting Trends www.econtext.co.uk/cover_scans/InContext2006.pdf
- Corporate Register www.corporateregister.com (Library of Reports)
- DEFRA Environmental Reporting Guidelines
www.defra.gov.uk/environment/business/envrp/guidelines.htm
- FORGE - Guidelines on Environmental Management and Reporting for the Financial Services Sector www.abi.org.uk/forge/
- Friends of the Earth et al (2004) Lessons Not Learned: The Other Shell Report
www.foe.co.uk/resource/reports/lessons_not_learned.pdf
- Prepared by KPMG and SustainAbility for GRI, 2008. "[Count me in: The Readers' take on sustainability reporting](#)",

- KPMG (2005) KPMG International Survey of Corporate Responsibility Reporting
- KPMG/ UNEP (2006) Carrots and Sticks for Starters: Current trends and approaches in Voluntary and Mandatory Standards for Sustainability Reporting www.unep.fr/outreach/reporting/docs/Public-UNEPKPMG-Report-FIN.pdf
- UNEP/Sustainability (2004) 'Risk and Opportunity': Global Reporters 2004 Survey of Corporate Sustainability Reporting www.sustainability.com
- UNEP/Sustainability (2006) 'Tomorrow's Value' Global Reporters 2006 Survey of Corporate Sustainability Reporting www.sustainability.com
- WBCSD- www.wbcsd.org/
- GEMI (2004) Transparency: A Path to Public Trust www.gemi.org/Transparency-PathtoPublicTrust.pdf
- WBCSD (2002) Sustainable Development Reporting: Striking the Balance Eurobarometer 217: The attitudes of European citizens towards environment (research Nov 2004, Published April 2005)
- UN Global Compact www.globalcompact.org (also document - A practical guide to Communication on Progress (United Nations Global Compact and Making the Connection: Using the GRI's G3 Reporting Guidelines for the UN Global Compact's Communication on Progress))
- Environmental, Social and Sustainability Reporting on the World Wide Web: a guide to best practice (ACCA/Corporateregister.com)
- Materiality: Redefining Materiality www.accountability21.net/publications.aspx?id=1168
- Accountability (2006) The Materiality Report: Aligning Strategy, Performance and Reporting www.accountability21.net/publications.aspx?id=560

Assurance

- Assurance: Certification as a sustainability assurance practitioner <http://www.accountability21.net/publications.aspx?id=368>
- AA1000AS (2003): www.accountability21.net/publications.aspx?id=288
- AA1000AS (2003) Guidance note on Principles: www.accountability21.net/publications.aspx?id=380
- Assurance Standards Briefing AA1000AS (2003) and ISAE3000: www.accountability21.net/publications.aspx?id=390



- User Note on the Application of the Principles of Materiality, Completeness and Responsiveness as they Relate to the AA1000 Assurance Standard
www.accountability21.net/publications.aspx?id=1242
- The Future of Assurance www.accountability21.net/publications.aspx?id=456
- Assure View, Corporate Register, 2008
- The Materiality Report
- Better Assurance through Better understanding
- IFAC Framework
- IAASB ISAE 3000
- COS 3410N
- FEE (2009), Policy Statement on Sustainability: Towards a Sustainable Economy: the contribution of Assurance
- FEE, Key Issues In Sustainability Assurance - An Overview

B.5 Certification of sustainability assurance practitioners

IRCA and AccountAbility have established a partnership to provide a professional qualification in sustainability assurance, the **Certified Sustainability Assurance Practitioner Program (CSAP)**.

CSAP aims to:

- Enable practitioners to develop, validate and communicate their competence in a systematic manner.
- Make it easier for organisations to identify credible assurance expertise.
- Improve stakeholder confidence in the expertise of sustainability assurance professionals engaged by organisations.
- Develop a more systematic understanding of key competency requirements for providing effective assurance, and so establish a basis for informing this and other standards in future.

CSAP is intended for all practitioners worldwide including:

- those who work in CSR departments involved in the development of corporate accountability programs;
- those who work in departments involved in internal (assurance) audit processes;
- those who provide consultancy services for organisations on sustainability assurance;
- independent assurance providers who undertake assurance processes; and
- those just starting out in the area of sustainability assurance.

CSAP offers certification at three grades:

Associate Sustainability Assurance Practitioner: an understanding of the field of sustainability assurance gained by attending relevant training. This grade is most relevant to those beginning their career in sustainability assurance, and those involved in related topics.

Sustainability Assurance Practitioner: an active practitioner with demonstrable experience over a number of assignments with different clients or, for internal

practitioners, over several assurance cycles covering a range of sustainability issues

Lead Sustainability Assurance Practitioner: active in the provision of sustainability assurance and you have led a significant number of sustainability assurance assignments either internally or as part of external assurance assignments. Experience in stakeholder engagement as part of assurance assignments is essential, as is the lead role in forming assurance judgements and the preparation of external or internal assurance statements.

B.6 AccountAbility Assurance provider membership and licensing

Assurance providers can be assurance provider members of AccountAbility.

Use of the standard to provide independent external assurance is under license.

For information on the Assurance provider member program and licensing please go to the AccountAbility website: www.accountability21.net/aa1000series

B.7 AccountAbility Standards Technical Committee

Jennifer Iansen Rogers, KPMG - Chair

Glenn Howard Frommer, MTR Corporation

Dominique Gangneux, ERM

Chuck Gatchell, Nike, Inc. (to February 2008)

Sean Gilbert, GRI

Adrian Henriques, Middlesex University

Vernon Jennings, Independent Consultant

Eileen Kohl Kaufman, SAI

Dave Lucas, Eskom

Paul Monaghan, Cooperative Financial Services

Johan Piet, Transparability

Preben J. Soerensen, Deloitte

Chris Tuppen, BT (to February 2008)

Ian Wood, BT (from February 2008)

David York, ACCA

B.8 About AccountAbility

AccountAbility (www.accountability21.net) works to promote accountability innovations for sustainable development. AccountAbility, founded in 1995, is a global, not-for-profit self-managed partnership with bases in Beijing, Geneva, London, Sao Paulo and Washington D.C., and country representatives in Brazil, Canada, China, Jordan, Spain, Sweden and the US.

AccountAbility is a global network of leading business, public and civil institutions working to build and demonstrate the possibilities for tomorrow's global markets and governance through thought leadership and advisory services. We work to:

- Enable open, fair and effective approaches to stakeholder engagement
- Develop and reward strategies for responsible competitiveness in companies, sectors, regions and nations
- Create and develop effective collaborative governance strategies for partnerships and multilateral organisations that are delivering innovation and value
- Set and influence sustainability standards